

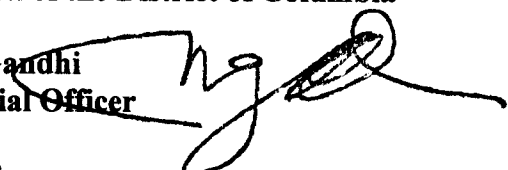
**Government of the District of Columbia  
Office of the Chief Financial Officer**



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Vincent C. Gray  
Chair, Council of the District of Columbia

**FROM:** Natwar M. Gandhi   
Chief Financial Officer

**DATE:** May 30, 2008

**SUBJECT:** Fiscal Impact Statement: "Paramedic and Emergency Medical Technician Transfer Amendment Act of 2008"

**REFERENCE:** Draft<sup>1</sup> – Bill Number Not Available

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**Conclusion**

Funds are sufficient in the FY 2008 budget and proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed legislation.

**Background**

The proposed bill would implement Recommendation No. 1 of the Task Force on Emergency Medical Services, which calls for the transition of the Department of Fire and Emergency Medical Services (FEMS) to a fully integrated, all hazards agency. The proposed legislation is intended to implement this recommendation by, among other things, making all members of FEMS, including civilian single-role EMS providers, sworn uniformed members, and giving them the same rate of pay and benefit opportunities offered to dual-role firefighter/EMTs. Under the plan, transitioned single-role employees will have two career options. They will be able to elect to become all-hazards, fully trained firefighters or they can function as EMS Specialists/Fire Fighter Candidates by participating in an orientation to all-hazards operations.

Although under current law the Mayor has the authority to transfer EMS personnel to firefighter positions under section 202(a) of the Paramedic and Emergency Medical Technician Lateral Transfer to Firefighting Amendment Act of 2001 (Act),<sup>2</sup> this section imposes requirements that

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<sup>1</sup> This fiscal impact statement is based on draft legislation submitted to the Office of the Chief Financial Officer (OCFO) on May 28, 2008.

<sup>2</sup> Effective October 3, 2001. D.C. Law 14-28; D.C. Official Code § 5-409.01(a)

are different than the proposed bill and the recommendation of the Task Force. Specifically, the Act specifies the grade and class to which the EMS staff member must be transferred and conditions the transfer on the EMS employee's meeting the requirements for entry-level firefighters. In contrast, the proposed legislation contemplates the creation of a new category of firefighter positions, EMS Specialist/Firefighter Candidate, which will not require the employee to meet entry-level qualifications. Thus, to implement the plan and effectuate the Task Force's recommendation, the Act must be amended to repeal these inconsistent provisions.

In addition, the proposed bill amends D.C. Official Code § 5-704,<sup>3</sup> to require specified employees to participate in the Police Officers and Fire Fighters' Retirement Program ("Program")<sup>4</sup> and to provide transferred employees with options for receiving credit under this Program for prior service. The proposed legislation lists the specific requirements for electing to transfer and/or purchase benefits, and also specifies options for employees who are participants in the defined benefit plan under the Civil Service Retirement System (CSRS).<sup>5</sup>

### **Financial Plan Impact**

Funds are sufficient in the FY 2008 budget and proposed FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed legislation.

According to an actuarial study performed by EFI Actuaries dated March 7, 2008, the District's additional contribution to the Fund under the proposed legislation would be approximately \$4.9 million per year. This assumes a fiscal "worst-case" scenario whereby all 220 current EMS employees, including 70 who are in CSRS, transfer at one time when the bill becomes law.

The Mayor's proposed FY 2009 budget includes \$4.9 million as a policy initiative to "Provide pension parity to EMS employees," which is a baseline change that covers the FY 2009 and out-year cost of the proposed legislation. As of May 28, 2008, this funding remains in Council's proposed FY 2009 budget.

Under no circumstance would the present value of future benefits to be received by a transferred employee exceed the amount transferred into the Program, purchased by the transferred employee, or both, except for an amount determined by an actuary--\$4.9 million--that represents an additional annual contribution requirement to the District of Columbia Police Officers and Fire Fighters' Retirement Fund.<sup>6</sup> Except where an employee transfers or purchases additional

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<sup>3</sup> Specifically, it amends Section 12(c) of An Act Making appropriations to provide for the expenses of the Government of the District of Columbia for the fiscal year ending June thirteenth, nineteen hundred and seventeen, and for other purposes, approved September 1, 1916 (39 Stat. 718)

<sup>4</sup> Established pursuant to the Police Officers, Fire Fighters, and Teachers Retirement Benefit Replacement Act of 1998, effective September 18, 1998. D.C. Law 12-152; D.C. Official Code § 1-901.01 *et seq.*

<sup>5</sup> See chapter 83 of title 5 of the United States Code.

<sup>6</sup> See section 12(c)(i-1)(2) or (3) of An Act Making appropriations to provide for the expenses of the Government of the District of Columbia for the fiscal year ending June thirteenth, nineteen hundred and seventeen, and for other purposes, approved September 1, 1916 (39 Stat. 718; D.C. Official Code § 5-704(i-1)(2) or (3))

benefits as specified in the proposed legislation, for the purpose of calculating benefits to be received in the Program, an employee would *not* receive credit for prior years of service within DC FEMS. Therefore, the required additional contribution (to be made by the District) only reflects what is needed to cover the cost of the present value of future benefits to be received prospectively at the time of an employee's transfer.

The proposed bill does *not* provide for an increase in pay for a transferred employee; it simply eliminates the requirement that an EMS employee "shall be transferred to the firefighter step and class with a rate of pay closest to, but not lower than, the rate of pay earned by the employee prior to the transfer." Therefore, the proposed legislation would give the Mayor the *option* to increase a transferred employee's pay so long as there are sufficient resources in the FEMS budget.

Cost Impact on the Budget and Financial Plan (\$ in millions)					
	FY 2009	FY 2010	FY 2011	FY 2012	Total
Additional annual contribution required ( <i>cost</i> )	\$4.9	\$4.9	\$4.9	\$4.9	\$19.6
Mayor/Council Funding ( <i>offsetting funds</i> )	\$4.9	\$4.9	\$4.9	\$4.9	\$19.6
Additional Funding Required	\$0	\$0	\$0	\$0	\$0

\* According to a study performed by EFI Actuaries dated March 7, 2008. According to EFI Actuaries, since the valuation date for the Fund is October 1<sup>st</sup> of each year and that there is a delayed contribution impact resulting from this, the District would not be required to make an additional contribution in FY 2008 in order to fund the proposed legislation.